

Proactive Education and Enforcement

In the 70's, Arizona was plagued by land fraud. Ned Warren spent the remainder of his life in jail for committing such crimes against consumers and the industry. As your new Commissioner for Arizona's Department of Real Estate (ADRE), I am working with community leaders and industry professionals to better protect consumers and promote Arizona's reputation for having a legitimate and professional real estate industry. We are accomplishing this through more education and better enforcement of existing laws.

While visiting communities throughout Arizona, I hear a common concern - illegal subdivision activity. Consumers, taxpayers and reputable developers are harmed by these schemes. Unsuspecting buyers discover water and utilities are unavailable contrary to what they are told; communities struggle with substandard roads unusable by school buses or emergency vehicles; and legal developers must compete with an illegal subdivider who gains unfair advantages by not disclosing important information to buyers nor makes the necessary investments to ensure proper infrastructure.

Often, people think this type of activity is limited to rural areas where oversight is more difficult but with the tremendous growth across Arizona, we are also finding illegal subdivisions just outside of town and city limits.

ADRE's mission is to protect the public. Our existing subdivision laws are designed to:

- Protect consumers from fraud and misrepresentation.
- Ensure full disclosure of property characteristics to buyers.
- Ensure residential developments have adequate and safe streets, utilities and other infrastructure.

To achieve more success in preventing violations and prosecuting those who harm the public, ADRE has initiated a statewide effort with counties and the industry. We now have five new initiatives that support our mission's goals:

- **Community Outreach and Education (COE) programs.** Conducted in all 15 Counties to educate the public, local leaders and real estate professionals of subdividing requirements and learn of local challenges ADRE can help address. COEs continue semi-annually in each County.
- **Instructor Development Workshops (IDW).** Teaching real estate instructors development requirements so they can create courses and aid in spreading this knowledge.
- **Disclosure Templates.** Two purposes - First, when no public report* is required by law (*a license to sell and a disclosure document sellers give to buyers), a template will provide buyers a summary of information about their subdivision and alert them to missing facts that should be investigated. Templates will also assist sellers who must secure a public report by giving them a foundation for their application.
- **Intergovernmental Agreements (IGA).** Creating joint investigative efforts with counties will help finalize investigations quicker resulting in more effective

corrective actions and restitution to consumers and communities who may have been harmed.

- **The Public Report.** Reviewing development statutes with public and industry participation to clarify, simplify and make the public report more consumer-friendly.

I am excited by these new partnerships and the solutions we are creating. With proactive efforts that include education, prevention and effective enforcement of existing laws, we will be more successful in protecting our public and ensuring proper and reputable development in Arizona.

Respectfully Yours,

A handwritten signature in black ink, appearing to read "Sam", enclosed within a hand-drawn oval.

Sam Wercinski, Commissioner